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April 7, 2005

Docket Control
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007-2927

Arizona Corporation Commission

DOCKETED

APR - 8 2005

DOCKETED BY	<i>KA</i>
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Re: Docket No. T-04310A-05-0127 – Application of ATX Licensing, Inc. for a Certificate of Convenience and Necessity to Provide Resold Long Distance Telecommunications Services in the State of Arizona

Dear Sir or Madam:

On behalf of ATX Licensing, Inc. ("ATX"), enclosed for filing are an original and thirteen (13) copies of ATX's supplemental response to Staff's First Set of Data Requests in the above-referenced docket. Specifically, this response provides additional financial statements of ATX's ultimate parent, ATX Communications, Inc.

Please date-stamp the extra copy of this filing and return it in the self-addressed, postage paid envelope provided. Should you have any questions, please do not hesitate to contact Brett Ferenchak at (202) 424-7697.

Respectfully submitted,

Brett P Ferenchak

Eric J. Branfman
Brett P. Ferenchak

Enclosure

ATX Licensing, Inc.
Supplemental Response to Staff's 1st Set of Data Requests
Docket No. T-04310A-05-0127
April 7, 2005

AL 1-6 **Please provide a financial statement reflecting the 12 month period ending December 31, 2004.**

RESPONSE: The unaudited consolidated financial statements of ATX Communications, Inc., the ultimate parent company of ATX Licensing, Inc., are provided as Attachment A. These financial statements cover the year ending December 31, 2004.

RESPONDENT: Bruce Bennett
Vice President for External Affairs
ATX Licensing, Inc.
70 West Hubbard Street, Suite 410
Chicago, IL 60610

ATX Licensing, Inc.
Supplemental Response to Staff's 1st Set of Data Requests
Docket No. T-04310A-05-0127
April 7, 2005

ATTACHMENT A (AL 1-6)

Financial Statements of ATX Communications, Inc.

ATX COMMUNICATIONS, INC.
UNAUDITED CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2004

(in thousands, except share data)

ASSETS

Current assets:

Cash and cash equivalents	\$ 11,302
Accounts receivable — trade, less allowance for doubtful accounts of \$13,383	30,316
Other current assets	6,431
Total current assets	<u>48,049</u>
Fixed assets, net	22,946
Goodwill	79,558
Other, net of accumulated amortization of \$3,329	5,602
	<u><u>\$ 156,155</u></u>

LIABILITIES AND SHAREHOLDERS' DEFICIENCY

Current liabilities:

Accounts payable	\$ 4,135
Accrued expenses	20,622
Current portion of long-term debt	5,000
Current portion of capital lease obligations	128
Deferred revenue	11,967
Total current liabilities	<u>41,852</u>

Liabilities subject to compromise	310,167
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Shareholders' deficiency:

Series A preferred stock — \$.01 par value, authorized 10,000,000 shares; issued and outstanding none	-
Common stock — \$.01 par value; authorized 250,000,000 shares; issued 30,004,000 shares; outstanding 29,963,000 shares	300
Additional paid-in capital	1,030,048
Deficit	<u>(1,226,136)</u>
	(195,788)
Treasury stock at cost, 41,000 shares	<u>(76)</u>
	<u>(195,864)</u>
	<u><u>\$ 156,155</u></u>

See accompanying notes.

ATX COMMUNICATIONS, INC.
UNAUDITED CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2004

(in thousands, except share data)

Revenues	\$ 251,260
Costs and expenses	
Operating	160,202
Selling, general and administrative	75,212
Corporate	7,050
Recapitalization costs	111
Depreciation	15,282
	<u>257,857</u>
Operating loss	(6,597)
Other income (expense)	
Other, net	(177)
Interest expense	(1,197)
Loss from operations before reorganization charges and income taxes	<u>(7,971)</u>
Reorganization charges	(9,923)
Loss from operations before income taxes	<u>(17,894)</u>
Income tax provision	(466)
Net loss	<u><u>\$ (18,360)</u></u>
Basic and diluted net loss per share	<u><u>\$ (0.61)</u></u>
Weighted average number of shares outstanding	<u><u>29,963,000</u></u>

See accompanying notes.

ATX COMMUNICATIONS, INC.
NOTES TO THE UNAUDITED
CONSOLIDATED FINANCIAL STATEMENTS

The unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. However, they do not contain all of the information and footnotes required by generally accepted accounting principles for complete financial statements. The consolidated financial statements have not been reviewed or audited by independent accountants.

The unaudited information is subject to further review and potential adjustments including those arising from the completion of the audits of the consolidated financial statements for the fiscal years ended December 31, 2003 and 2004 and are not necessarily indicative of the Company's operating results.